

AMENDING AGREEMENT TO THE OPERATING AGREEMENT

BETWEEN: CANADA MORTGAGE AND HOUSING CORPORATION
hereinafter called "CMHC"

of the First Part

- and - SOCIÉTÉ D'HABITATION DU QUÉBEC
hereinafter called "SHQ"

of the Second Part

WHEREAS CMHC and SHQ hereto have entered into an Operating Agreement dated 10 July 1986 for the purpose of carrying into effect certain principles regarding the cost-sharing of social housing programs or initiatives which they wish to foster jointly;

AND WHEREAS CMHC and SHQ are desirous of amending the Operating Agreement in the manner hereinafter set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH that CMHC and SHQ hereto, in consideration of the mutual covenants hereinafter contained, agree each with the other to amend the Operating Agreement as follows:

1. Subsection 2(c) is amended by deleting the list of programs only, and substituting therefor the following list of programs:

- Non-Profit Housing Program
- Urban Native Non-Profit Housing Program
- Rent Supplement Program



- Rural and Native Housing Program
- Emergency Repair Program

2. Subsection 3(a) is deleted and the following substituted therefor -

3(a) Within the limits of approved budgets CMHC agrees:

- i) to insure loans made by approved lenders for capital financing for housing projects under Part I of the Act;
- ii) to make loans under Section 34.15 of the Act for the purposes established in this Agreement;
- iii) to make contributions for urgent repairs pursuant to Section 34.121 of the Act;
- iv) to provide contributions or loans pursuant to Section 34.16 of the Act for the purpose described therein;
- v) to make contributions pursuant to Section 34.161 of the Act toward payment of housing expenses;
- vi) to make loans under Section 37.1 of the Act for proposal development funding;
- vii) to make grants available pursuant to paragraph 37(1)(e) of the Act for training programs or educational facilities;
- viii) to make funds available pursuant to Section 55 of the Act for administration of reacquired units;

ix) to make contributions pursuant to Section 56.1 of the Act to eligible contribution recipients to enable them to meet the costs of rental accommodation and reduce the rentals thereof.

3. Subsection 4(b) is deleted and the following substituted therefor -

4(b) share with CMHC the eligible program costs, as set out in Schedule A, for such programs which are covered by this Agreement. It is agreed by the parties that for the Non-Profit Housing Program, the Rent Supplement Program and the Rural and Native Housing Program, SHQ may use a rental scale of its own, but operating losses eligible for assistance from Canada will be determined on the basis of whichever of the Québec rent scale or the Federal rent scale, as set out in Schedule D, produces the lowest annual operating losses. Any scale in use must not result in occupant households remaining in core housing need.

4. The following subsection (j) is hereby added to section 6 -

6(j) For the native component of the Rural and Native Housing and the Emergency Repair Programs, the functions identified in 5(c) and 6(e)(iii) and (iv) above shall be undertaken by the RNH Tripartite Management Committee and the results incorporated into the proposed three-year plan.

5. Subsection 10(f) is deleted and the following substituted therefor -

10(f) SHQ's assistance to Natives shall be at least equal to the Native targets determined by CMHC for each program. The Native Target for the Rural and Native Housing Program is 30%, for the Emergency Repair Program is 54% and for the Urban Native Non-Profit Housing Program is 100%.

6. Section 11 is amended by deleting the table only under the heading Cost-Sharing Arrangements and substituting therefor the following table:

COST-SHARING ARRANGEMENTS

(applicable as of 1 January, 1986)

	Québec			Canada		
	'86	'87	'88	'86	'87	'88
<u>Non-Profit Housing</u>						
- Public Non-Profit	35	38	41	65	62	59
- Public Non-Profit Inuit	25	25	25	75	75	75
- Private Non-Profit	25	25	25	75	75	75
<u>Urban Native Non-Profit Housing</u>	25	25	25	75	75	75
<u>Rent Supplement</u> - Regular	35	38	41	65	62	59
- Federal Coop. Housing Program	25	25	25	75	75	75
<u>Rural and Native Housing</u>						
- Non-Native	35	38	41	65	62	59
- Native	25	25	25	75	75	75
<u>Emergency Repair Program</u>						
- Non-Native	50	50	50	50	50	50
- Native	25	25	25	75	75	75

7. Subsection 13(a) is deleted and the following substituted therefor -

13(a) This section applies to the Non-Profit Housing Program, the Urban Native Non-Profit Housing Program and the rental component of the Rural and Native Housing Program for which financing is provided by approved lenders and insured by CMHC under Part 1 of the Act.

8. The Operating Agreement is further amended by adding thereto Schedule A-7 - Rural and Native Housing Program, and Schedule A-8 - Emergency Repair Program, a copy of each of which is appended hereto.
9. CMHC and SHQ hereto confirm that, except for the matters addressed in paragraphs 1 to 8 above, the Operating Agreement shall remain otherwise unchanged and of full force and effect.

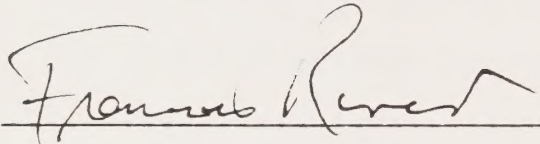
IN WITNESS WHEREOF, Canada Mortgage and Housing Corporation
and Société d'habitation du Québec have executed these presents.

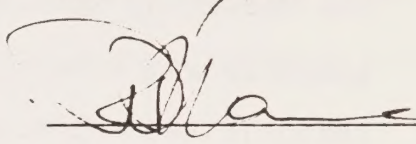
Signed at Montréal this first day of August
nineteen hundred and eighty-six in quintuplicate in the French
and English languages, each being equally authentic.

WITNESSED BY:

SIGNED BY:

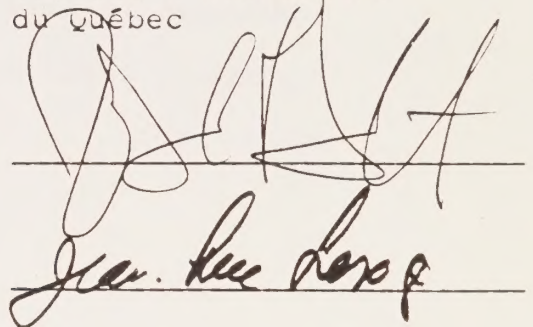
Canada Mortgage and
Housing Corporation







Société d'habitation
du Québec



**RURAL AND NATIVE HOUSING PROGRAM
QUEBEC**

There are two components of this Program: Rural and Native Housing - Homeownership; and Rural and Native Housing - Rental. Both components will be delivered and administered by the Société d'habitation du Québec (SHQ). The two components are described separately in Part I - Homeownership, and Part II - Rental, in this Schedule. Part II is a RNH Non-Profit Rental Agreement. The Native target for the aggregate of both components of the program is thirty percent of committed RNH units.

**PART I
RURAL AND NATIVE HOUSING
HOMEOWNERSHIP PROGRAM**

This Program will be delivered and administered by the Société d'habitation du Québec (SHQ).

1. OBJECTIVE

To assist Native households in core housing need in rural areas to obtain new or existing, affordable, adequate and suitable homeownership housing.

2. PROGRAM DESCRIPTION

The Rural and Native Housing Homeownership Program provides homeownership projects for eligible Native clients. Homeownership clients pay twenty-five percent of adjusted

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annual household income, as outlined in the Quebec scale attached in Appendix "1" of this Schedule, towards the monthly mortgage payment (principal and interest), taxes and eligible heating costs of their units. The difference between a homeowner client's monthly payment and the amount required to amortize the mortgage, plus taxes and eligible heating costs, as outlined in program guidelines, is subsidized. SHQ will utilize a payment scale of its own but operating losses eligible for assistance from Canada will be determined on the basis of whichever of the Quebec scale attached in Appendix "1" or the Federal Payment-to-Income Scale produces the lowest annual operating losses. Any scale in use must not result in occupant households remaining in core housing need.

A lending approach is used to provide homeownership units. Loans to build or acquire units for eligible RNH homeowner clients can be made through Section 34.15 of the Act, but rehabilitation work cannot be financed through this section. Annual contributions are provided to assist eligible RNH homeowners in repaying their loans. These are provided through Section 34.161 for loans made through Section 34.15.

For Section 34.15 loans made by SHQ pursuant to an Administration and Assignment Agreement with CMHC, CMHC and SHQ share loan capital and any loan losses on a 75/25 basis. Annual contributions to eligible clients

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are shared by Canada and Quebec on a similar basis. CMHC finances its costs related to defaults on Section 34.15 loans through the authority of Section 55.

Enabling Federal Legislation

National Housing Act:

- . Uninsured Direct Loans in designated areas -
Section 34.15;
- . Loans or Contribution Assistance - Section 34.16;
- . Contribution Assistance - Section 34.161;
- . Rural and Native Housing Proposal Development Funds -
Section 37.1;
- . RNH Training Funds Program - Paragraph 37(1)(e);
- . Costs incurred on Section 34.15 loans in default -
Section 55.

Enabling Provincial Legislation

Loi sur la Société d'habitation du Québec:

(Lois refondues du Québec, c. S-8 and its regulations).

3. ELIGIBILITY CRITERIA

3.1 Delivery Agents

Provincial Native organizations identified by CMHC will be involved in the planning, delivery and administration of the program. Other groups or individuals agreed to by CMHC and SHQ may be eligible to act as delivery agents. Criteria for the qualification of delivery agents, such as technical and financial expertise, will be agreed to by both CMHC and SHQ.

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3.2 Areas

Rural areas of 2 500 or less persons, are eligible for the Program. Rural municipal jurisdictions having a population of greater than 2 500 persons but where the population is dispersed, (i.e. no population core or centre of more than 2 500 persons), are considered rural areas eligible for the RNH program.

3.3 Clients

- . Native households in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold are eligible.
- . Social assistance recipients are eligible if written assurance is obtained prior to commitment from the Quebec authorities concerned that the net shelter component of the recipient's social assistance will not be reduced as a consequence of purchasing a unit assisted by this program.
- . A client applying for assistance under the program who has previously owned or rented a CMHC or SHQ unit, and who is in arrears on that property or has caused a loss to CMHC or SHQ, does not qualify for the program until those arrears or losses are paid in full.

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4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Project Costs - New Units

Eligible project costs will be shared. This includes project costs over the Maximum Unit Price which are necessary for the completion of the project.

Eligible project costs include:

- . Land - lesser of actual cost or market value and eligible fees associated with acquisition (not applicable on client owned land);
- . Holding Costs - all costs associated with holding an asset between acquisition and sale, including property taxes, grants in lieu of property taxes, local improvement charges, insurance premiums, utility costs;
- . Construction/acquisition costs;
- . Interest - all interest accruing from the date of disbursement of all funds until the Interest Adjustment Date for the account. The interest rate used will be acceptable to CMHC and SHQ;
- . Legal fees; adjustments and registration costs; survey costs; and warranty program enrollment costs in applicable provincial home warranty program;
- . Proposal Development Funds;
- . Other project costs which CMHC and SHQ may agree to.

4.2 Project Costs - Existing Units

Eligible project costs will be shared. This includes project costs over the Maximum Unit Price which are necessary for the completion of the project. Eligible

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project costs include the total acquisition cost, and all associated fees, plus all other applicable costs listed above in "Project Costs, New Units".

4.3 RNH Proposal Development Funds

SHQ may make interest-free loans of up to \$10 000 per unit or \$75 000 per project available to support the development of projects by eligible sponsors for individuals or families of low income or the disabled. Non-budgetary and budgetary funds associated with these loans will be shared on a 75/25 basis by Canada and Quebec. Interest or administrative charges on PDF loans made by a third party on behalf of SHQ are not eligible for cost-sharing and will be paid by SHQ and not charged to project sponsors or included in eligible project costs.

4.4 Loans

SHQ makes loan commitments for the acquisition or construction of houses for eligible homeownership clients. Loans provided are for up to 100% of the project lending value, as outlined in program guidelines, less any client down payment. The value of land owned by eligible clients on which RNH units are to be constructed is not an eligible project cost.

Where SHQ wishes to take, for NHA Section 34.15 loans, individual mortgage securities or other securities acceptable to CMHC and SHQ in its own name, an "Administration and Assignment Agreement" shall be entered into between CMHC and SHQ.

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5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

All clients must be in core housing need. SHQ will ensure that all units/funds in this program are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement.

One hundred percent of RNH Homeownership Program units are to be targeted to eligible Native households. Taking into account the planning process, SHQ will assist Native families and senior citizens through both components of the program with the intent to direct assistance in accordance with their share of core housing need relative to each other.

Within the core housing need income limits, the aggregate number of units committed through both components of the program that are directed to households at the upper income levels shall not exceed their proportionate share of need.

5.2 Delivery

Approved agents may participate in delivery and administration of the program. Where an agent is involved in program delivery and/or program administration, fees-for-service approved by CMHC and SHQ may be paid. Agents

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contract their services with SHQ through an Agency Agreement. The Fee-for-Service Agency Agreement stipulates the scope, terms, conditions, fees, roles and responsibilities of the agent, and will be in a form acceptable to both CMHC and SHQ.

SHQ will ensure that the annual allocation under this program component, as set out in Schedule B of the Operating Agreement, is to be made available for delivery and/or administrative participation by the provincial Native organizations.

RNH training funds will be provided to eligible RNH clients, local housing groups and Natives. The RNH training funds programs are described in RNH Program Guidelines. Funding is shared by CMHC and SHQ on a 75/25 basis.

A Rural and Native Housing Tripartite Management Committee will be established. The Committee will consist of senior representatives from SHQ, the provincial Native organizations and the Quebec Region General Manager of CMHC. The Committee will provide a forum for planning and monitoring delivery of Rural and Native Housing programs. CMHC and SHQ co-chair the Committee. The terms of reference for the Committee are set out in Appendix "4" to this Schedule.

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5.3 Selection Criteria

Housing assisted under the program will meet program definitions of adequacy and all appropriate program standards. Project design and unit type must be suitable to client household needs. Upon acquisition, existing units should be in reasonable conformity with National Housing Act Minimum Property Standards for Existing Residential Buildings, should be of sound construction and condition, and should be durable with a minimum of repair for the amortization period of the account.

6. COMMITMENT

SHQ approves commitments after ensuring that eligible clients have been identified for the units and program guidelines have been adhered to. Where a delivery agent is involved, the agent provides SHQ with a recommendation on commitments.

A loan commitment for the purchase of an existing unit or construction of a new unit is made the date of loan approval.

Commitments for new construction units will be cancelled if construction has not started within six months of the date of the Notice of Commitment except in extenuating circumstances, each to be mutually agreed to by CMHC and SHQ.

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A commitment for RNH Proposal Development Funds is made when SHQ approves a loan for this purpose to an eligible sponsor.

A commitment on RNH training funds is made when SHQ agrees to provide funds for RNH training to eligible recipients as outlined in RNH Program Guidelines.

The reporting of commitment take-up will be:

- . Capital Commitment Dollars

The dollar value of the loans approved and increases/decreases thereto for the building of new units or the acquisition of existing units within the capital commitment budget.

- . Subsidy Units

The number of units committed for which subsidies will be provided within the subsidy unit budget. A unit is defined as a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household. The sale of a reacquired homeownership unit to a subsequent eligible client (recycled unit) is not a new subsidy unit commitment from the program allocation.

- . RNH Proposal Development Funds

The capital dollars committed to provide interest-free loans to eligible sponsors through Section 37.1 of the Act.

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. RNH Training Funds

The dollar value of funds approved.

7. ADVANCING

Where a project or unit commitment has been made, SHQ will ensure that the appropriate title/deed documents and mortgage or other security acceptable to CMHC and SHQ have been obtained/registered prior to any advances being made.

On RNH Proposal Development Funding loans, SHQ will be responsible for approving and authorizing accountable advances, either directly or through third parties, on behalf of CMHC and SHQ. Such advances shall be secured by a promissory note and repayable from the first project loan advance.

SHQ makes construction advances in accordance with program guidelines based on work in place. Advances for acquisition are made on the closing of the purchase.

Prior to final advance being made, SHQ performs a final inspection to ensure that all work has been completed and is in reasonable conformity with required Standards. Upon final advance, and in any event, within 6 months of Interest Adjustment Date, a final cost certificate will be submitted to CMHC, and any unused commitment dollars will be cancelled. Confirmation of Interest Adjustment Date and final loan amount will be provided to CMHC within 5 days of Interest Adjustment Date.

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8. PROJECT/PORTFOLIO ADMINISTRATION

SHQ will administer the homeownership portfolio in a prudent, cost-effective manner in accordance with program guidelines. Agents or local housing authorities acceptable to CMHC and SHQ may be utilized to perform administrative services on homeownership units/accounts such as securing vacant units.

SHQ will ensure that annual reviews of household income are undertaken to determine the level of continued assistance the household may receive in accordance with the Payment-to-Income scale as outlined in Appendix "1" of this Schedule.

9. ELIGIBLE PROGRAM COSTS

The eligible capital costs for Native homeownership units in the Rural and Native Housing Program will be shared by Canada and Quebec as outlined in "Program Description". Eligible budgetary costs are shared by Canada and Quebec on a 75/25 basis. Eligible program costs include:

9.1 Budgetary Costs

Budgetary costs include the following:

. Fees-for-service - Delivery Agents

Fees-for-service paid to provincial Native organizations or other eligible program delivery agents for work they perform in the delivery and/or administration of the program. Fee levels will be jointly determined

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by CMHC and SHQ. Fees-for-service are not applicable on program delivery or administration activities which SHQ performs directly, without Agent involvement.

. RNH Proposal Development Funds

Eligible budgetary expenditures include the interest costs on RNH Proposal Development Funds loans for the period between when funds are advanced and the loan is repaid out of the first advance. On projects that do not proceed to commitment, the forgiveness of these loans will be shared. Interest or administrative charges on PDF loans made by a third party on behalf of SHQ are not eligible for cost-sharing and will be paid by SHQ and not charged to project sponsors or included in eligible project costs.

. RNH Training Funds

The Client Training Program provides funds to facilitate the training of clients and local housing groups as outlined in Program Guidelines.

The RNH Secondment Program makes funds available to provide professional assistance to eligible local housing groups to enable them to develop their capacity to deliver and/or administer housing.

The Native Cadre Training Program provides funds to facilitate the development of Native people to enable them to participate in delivering/administering housing programs.

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- . Maintenance Costs - Reacquired Homeowner Units
(Sections 34.15/55)
Expenditures for insurance, building materials and labour to secure units and/or to maintain the property and equipment in its existing condition.
- . Selling Costs - Reacquired Homeowner Units
(Sections 34.15/55)
Costs associated with selling units to subsequent clients.
- . Modernization and Improvement - Reacquired Homeowner Units (Sections 34.15/55)
Eligible expenditures to restore units to a marketable condition. These include:
 - (a) Replacement of items which have a shorter lifespan than the building structure, eg. carpets, roof membranes, etc.
 - (b) Modernization - the difference in cost between replacing the original items in (a) at current cost and the cost of more modern items or systems.
 - (c) Improvements - structural changes which increase the value of real estate, either by increasing the present value or by extending the economic life.

Specific unit limits exist; prior approval of CMHC is required before costs in excess of these limits may be incurred.

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. Utilities - Reacquired Homeowner Units

(Sections 34.15/55)

Expenditures for heat, electricity, water and sewerage.

. Heating

Estimated eligible heating costs as outlined in

"Heating Cost Tables to Aid Lenders in the Calculation of G.D.S.", NHA 5865.

. Taxes

Annual property taxes, grants in lieu of taxes, and local improvement charges.

. Ground rent on leased land.

. Other

All eligible expenditures and recoveries for eligible items not included in the above list of eligible costs, as outlined in Program Guidelines.

. Amortization

The full principal and interest required to amortize the original investment/loan, using the original Interest Adjustment Date, amortization period and interest rate at the date of commitment.

. Financing Interest

Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and SHQ. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

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. Publicity

The costs of program publicity measures and materials as agreed upon by CMHC and SHQ.

. Program Delivery and Administration Costs

Eligible costs of delivery and administration based on performance standards acceptable to CMHC and SHQ.

. Revenues

Revenues which reduce budgetary expenditures. This includes rent, client ability payment and proceeds from unit/project sale (for reacquired Section 34.15 units financed through Section 55).

9.2 Non-Budgetary Costs

Non-budgetary costs include:

. Eligible Project Costs

Costs of a project as outlined above in 2, "Program Description" and 4, "Eligible Project Costs/ Assistance".

. RNH Proposal Development Funds

Loans of up to \$10 000 per unit or \$75 000 per project to eligible sponsors.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and are specified in the program guidelines.

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11. INFORMATION REQUIREMENTS

SHQ will ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in program guidelines, are provided to CMHC.

RNH Proposal Development Funds commitment information will be provided no later than five (5) working days after a commitment is made.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to commitment data communicated previously on notice of commitment forms will be transmitted on a similar basis.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March of the subsequent year. This will provide details on clients served in all units under administration, or receiving subsidies, as at 31 December of that year.

Annual project operating data will support the final audited claims and this, along with client information, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

Information pertaining to the achievement of Native targets will also be made available to the provincial Native organizations upon request.

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PART II
RURAL AND NATIVE HOUSING
RENTAL PROGRAM
QUEBEC

Agreement between "Canada Mortgage and Housing Corporation (CMHC)" and "Société d'habitation du Québec (SHQ)".

This Program will be delivered and administered by the Société d'habitation du Québec (SHQ).

1. OBJECTIVE

To assist Native and non-Native households in need in rural areas to obtain new or existing, affordable, adequate and suitable rental housing.

2. PROGRAM DESCRIPTION

2.1 General Program Parameters:

The Rural and Native Housing Rental Program provides subsidized rental housing projects in rural areas under the sponsorship of Public or Private Non-Profit Housing Corporations. The maximum annual subsidy payable to any project, without on-site care or support services, is equal to the difference between eligible annual operating costs and revenues.

Rents are calculated according to the Quebec Rent-to-Income Scale as found in Appendix "1" of this Schedule. Projects may be financed by Quebec through loans secured

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by debentures or privately financed by an uninsured loan or by an NHA insured loan made by an NHA Approved Lender. In all cases loans will be amortized over the lesser of the useful life of the project or 35 years for up to 100% of total lending value.

2.2 Public Non-Profit Housing Corporations

Under public non-profit sponsorship, Rural and Native Housing rental projects are owned or operated by SHQ or by one of its duly authorized mandataries such as the Société de gestion immobilière (SGI) or the Corporation d'hébergement du Québec (CHQ). Throughout this Schedule the term "Public Non-Profit" will refer to projects under these sponsorship arrangements.

Subsidies for Rural and Native Housing rental projects sponsored by Public Non-Profit Housing Corporations for non-Native clients are to be shared 65/35 for commitments made in 1986, 62/38 for commitments made in 1987 and 59/41 for commitments made in 1988, by Canada and Quebec. Subsidies for Rural and Native Housing rental projects sponsored by Public Non-Profit Housing Corporations for Native clients are to be shared 75/25 by Canada and Quebec. In 1989 and subsequent years, cost-sharing will be determined in accordance with arrangements described in the Operating Agreement.

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2.3 Private Non-Profit Housing Corporations

Under private non-profit sponsorship, Rural and Native Housing rental projects are owned and operated by Private Non-Profit Housing Corporations and Non-Profit Continuing Cooperative Housing Associations. Throughout this Schedule the term "Private Non-Profit" will refer to projects under these sponsorship arrangements unless specified otherwise.

Subsidies for Rural and Native Housing rental projects sponsored by Private Non-Profit Housing Corporations and Continuing Cooperatives are to be shared 75/25 by Canada and Quebec.

Proposal development funding loans may be made available on a cost-shared basis to eligible private non-profit sponsors to assist in the development of their projects.

2.4 Enabling Federal Legislation

National Housing Act:

- . Insured loans - Part I;
- . Subsidy Assistance - Section 56.1;
- . Proposal Development Funding - Section 37.1;
- . RNH Training Funds Program - Paragraph 37(1)(e).

Enabling Provincial Legislation

Loi sur la Société d'habitation du Québec:

(Lois refondues du Québec, c. S-8 and its regulations)

3. ELIGIBILITY CRITERIA

3.1 Areas

Rural areas of 2 500 or less persons, are eligible for the Program. Rural municipal jurisdictions having a population of greater than 2 500 persons but where the population is dispersed, (i.e. no population core or centre of more than 2 500 persons), are considered rural areas eligible for the Rural and Native Housing Rental Program.

3.2 Clients

Eligible clients are Native and non-Native households who are in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income threshold.

3.3 Sponsors

Eligible sponsors/owners are Public or Private Non-Profit Housing Corporations which are eligible contribution recipients as defined in the Act. All capital or shares in a Public Non-Profit Housing Corporation will be owned by a public body, including a municipality, province or other level of government. No capital or shares in a Private Non-Profit Housing Corporation will be owned by a public body. The shares in a Non-Profit Continuing Cooperative Housing Association are owned by the members.

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Sponsors/owners will establish 31 December as the financial year-end for each project to be approved under this program.

3.4 Projects

Projects can be developed through new construction, the purchase of existing housing with or without subsequent rehabilitation, and the conversion of existing buildings. Any building form which can be produced at costs acceptable to CMHC and SHQ will be eligible for assistance under the program.

3.5 Occupants

SHQ will ensure that all households selected to occupy projects/units receiving cost-shared assistance under the program are Native and non-Native households in need.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Proposal Development Funding

Interest-free repayable loans of up to \$75 000 per project will be provided by SHQ to support the development of project proposals by private non-profit groups intending to serve low income individuals and families. Non-budgetary and budgetary funds associated with these loans will be shared on a 75/25 basis by Canada and Quebec. Interest or administrative charges on PDF loans made by a third party on behalf of SHQ are not eligible

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for cost-sharing and will be paid by SHQ and not charged to project sponsors or included in eligible project capital costs.

The maximum loan to any project sponsor will depend on the size and complexity of the eligible portion of the proposed project and the work to be done in each successive phase of project development. Activities for which funding may be provided include: incorporation; legal cost; demand studies; best buy analysis; economic feasibility analysis; soil tests; site plans; drawings and specifications; preliminary capital and operating cost estimates; and options/offers to purchase.

Initial proposal development funding loans of up to \$10 000 per project may be provided to enable eligible sponsors to prepare applications for project commitment. Where new construction or major renovations are planned, the initial loan may be increased by \$150 per planned eligible unit, up to a cumulative maximum of \$30 000. Further loan increases can be provided to a cumulative maximum up to the lesser of \$750 multiplied by the number of eligible units or \$75 000 per project, to enable sponsors, who have been awarded a conditional allocation, to complete all outstanding requirements for a timely commitment.

4.2 Eligible Project Capital Costs

A project's total eligible costs pertain only to the units committed under the program as specified in

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Non-Profit Housing and/or Rural and Native Housing Program Guidelines. These costs include, but are not limited to, land acquisition and servicing, construction/rehabilitation/conversion, landscaping costs, resource group/consultant fees, organization expenses, interest and other fees and charges as outlined in Non-Profit Housing and/or Rural and Native Housing Program Guidelines, and must not exceed the lesser of the actual eligible costs or the Maximum Unit Price applicable to the units at the time of commitment.

Interest rates on private financing must be competitive and acceptable to CMHC and SHQ. Interest rates used where debenture or Quebec financing is provided by SHQ shall not exceed the lowest rate available from major NHA approved lenders for comparable loans.

4.3 Acceptable Project Capital Costs/Lending Value

Acceptable project costs, used to determine the lending value, are the eligible costs within the Maximum Unit Price.

4.4 Costs Eligible for Assistance

Only the actual eligible project costs of the residential component of a project within the Maximum Unit Price are eligible for cost-shared subsidy assistance.

4.5 Insured Loans

In accordance with paragraph 13 of the Operating Agreement, approved lender loans for up to 100% of a public

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and private non-profit project's acceptable capital costs/lending value can be insured by CMHC under Part I of the Act. SHQ will ensure that insured loans to all eligible sponsors will be at interest rates and terms acceptable to CMHC at the time of commitment.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

SHQ will ensure that all units in this program are allocated to rural areas within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement.

Thirty percent of the aggregate RNH units approved under both components of the program are to be targeted to eligible Native households. Taking into account the planning process, SHQ shall assist Native families and senior citizens through both components of the program with the intent to direct assistance in accordance with their share of core housing need relative to each other.

For eligible non-Native households, SHQ, taking into account the planning process, will assist families and senior citizens with the intent to direct assistance in accordance with their share of core housing need relative to each other.

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Within the core housing need income limits, the aggregate number of units committed through both components of the program that are directed to households at the upper income levels shall not exceed their proportionate share of need.

Provincial Native organizations identified by CMHC may be involved in the planning, delivery and administration of the program.

5.2 Project Selection

SHQ will retain an allocation for the projects it intends to own. Private non-profit sponsors may be awarded conditional allocations to support the project development process and the achievement of a timely commitment. A conditional allocation is not a commitment and can be withdrawn should it become evident that a proposal will be unable to meet all project eligibility and commitment criteria or the deadline for a final application.

Projects selected for conditional allocations will meet selection criteria acceptable to CMHC and SHQ and will be the most cost-effective available in terms of the annual amortization portion of subsidy requirements for the given unit type mix. Cost-effectiveness will be separately determined for family and senior projects. It is based on the ratio of estimated eligible project costs less related equity contributions, to its Maximum Unit Price. Projects with the lowest ratio will be considered the most cost-effective.

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5.3 Project Selection - Public Non-Profits

SHQ will develop and select the best targeted and most cost-effective public non-profit projects after weighing the relative merits of new construction versus the acquisition of existing structures and after assessing the costs and benefits of various housing acquisition techniques appropriate to local market conditions.

5.4 Project Selection - Private Non-Profits

Projects to be developed by Private Non-Profit Housing Corporations will be selected on the basis of criteria and cost-effectiveness measurements acceptable to CMHC and SHQ prior to the awarding of proposal development funding or a conditional allocation. Where demand is less than the allocation in a market area, SHQ will take steps to ensure the development of appropriately targeted and cost-effective projects.

5.5 Agents

Approved agents may participate in delivery and administration of the program. Where an agent is involved in program delivery and/or program administration, fees-for-service approved by CMHC and SHQ may be paid. Agents contract their services with SHQ through an Agency Agreement. The Fee-for-Service Agency Agreement stipulates the scope, terms, conditions, fees, roles and responsibilities of the agent, and will be in a form acceptable to both CMHC and SHQ.

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SHQ will ensure that a proportion of the annual allocation under this program to be agreed upon by SHQ and CMHC and included in Schedule B of the Operating Agreement, is to be made available for delivery and/or administration participation by the provincial Native organization.

5.6 RNH Tripartite Management Committee

A Rural and Native Housing Tripartite Management Committee will be established. The Committee will consist of senior representatives from SHQ, the provincial Native organization and the Quebec Region General Manager of CMHC. The Committee will provide a forum for planning and monitoring delivery of Rural and Native housing programs. CMHC and SHQ co-chair the Committee. The terms of reference for the Committee are set out in Appendix "4" to this Schedule.

6. COMMITMENT

6.1 Proposal Development Funding

A proposal development funding loan commitment is deemed made each time SHQ approves a proposal development loan or loan increase, to a cumulative maximum of \$75 000 for each eligible private non-profit project.

The reporting of budget take-up shall be dollars of capital committed. Dollars of capital equals the amount of the loan approved at each stage of project selection.

6.2 Criteria for Project Commitment

Prior to approving a commitment of subsidy assistance or requesting CMHC to approve an undertaking to insure, SHQ will ensure that each commitment application meets all applicable Rural and Native Housing and Non-Profit Housing Program criteria and guidelines, without conditions which are beyond the power of the contracting parties to fulfill within the calendar year in which the commitment is made, and Section 13 of the Operating Agreement, where applicable.

6.2.1 Subsidy Assistance:

A commitment of subsidy assistance is deemed made when SHQ approves a notice of commitment guaranteeing the provision of federal assistance under Section 56.1 of the Act and Quebec assistance under the Loi sur la Société d'habitation du Québec (Lois refondues du Québec, c. S-8 and its regulations), subject to the execution of this agreement for Quebec-owned projects and a project operating agreement between SHQ and the owner of other projects.

6.2.2 Term of Subsidy Commitment:

The approved notice of commitment obligates SHQ and CMHC to provide operating assistance to the project for a period of 35 years or the useful life of the project as agreed to by CMHC and SHQ, whichever is less.

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6.2.3 Reporting Commitments:

The reporting of the authorized budget take-up shall be in terms of the number of units committed to be reported as specified in the Operating Agreement.

"Unit" means a unit where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household.

6.2.4 Loan Insurance:

An undertaking to insure capital financing is deemed made when CMHC approves an undertaking to insure under Part I of the Act.

6.2.5 Commitment Notification/Publicity:

All news releases or announcements pertaining to an allocation or commitment to a project will be in accordance with the Operating Agreement and mutually agreed upon Non-Profit Housing Program Guidelines.

6.3 RNH Training Funds:

A commitment on RNH Training Funds is made when SHQ agrees to provide funds for RNH training to eligible recipients as outlined in RNH Program Guidelines.

The reporting of RNH Training Funds shall be the dollar value of funds approved.

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7. ADVANCING

7.1 Proposal Development Funding Loans

SHQ will be responsible for approving and authorizing accountable advances on proposal development funding loans, either directly or through third parties, on behalf of CMHC and SHQ. Such advances shall be secured by a promissory note and are repayable from the first project loan advance.

7.2 Insured Loan Advances

SHQ will provide bridge financing where insured loans are secured by debentures and will be responsible for approving progress advances where insured loans are secured by mortgages in accordance with the Operating Agreement and Non-Profit Housing Program Guidelines. Such advances will be made only after SHQ has entered into a project operating agreement with each project sponsor. SHQ will provide CMHC access to all records and documentation pertaining to the authorization of insured loan advances.

7.3 Construction

SHQ will be responsible for inspecting and monitoring all projects during construction to ensure compliance with the plans and specifications and applicable building codes and standards, and to determine the value of work in place.

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7.4 Final Costs

SHQ will provide CMHC with a certified statement of final capital costs prepared in accordance with Non-Profit Housing and/or Rural and Native Housing Program Guidelines for all approved projects no later than six months after the Interest Adjustment Date as defined in and on a form specified in program guidelines.

8. PROJECT/PORTFOLIO ADMINISTRATION

8.1 Project Operating Agreements

All public and private non-profit sponsors, except SHQ, will enter into a project operating agreement, in a form specified in Non-Profit Housing and/or Rural and Native Housing Program Guidelines, with SHQ before receiving a commitment for subsidy assistance. Without limiting its scope, the project operating agreement will specify:

Publicity measures, rentals (tenant income verification, rent adjustments and application of the rent-to-income scale); leasing of housing units; contributions; other assistance; sale of project/units; project management; annual review; encumbrances; articles of incorporation/charges; books; accounts; audits; loan repayment; replacement reserves; discrimination; retention of documents; default; mortgage rollover; and interest rates.

Where SHQ owns or operates a project, all the above provisions of a project operating agreement shall apply

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and this part of this Schedule shall be deemed to be the project operating agreement referred to in Section 91.1 of the National Housing Loan Regulations.

8.2 Project Administration

8.2.1 Project Advances:

SHQ will ensure public and private non-profit sponsors are advanced sufficient funds to cover project operating losses during the course of their fiscal year.

8.2.2 Financial Year-Ends:

SHQ will ensure that owners/sponsors of each project approved under this program have financial year-ends on 31 December.

8.2.3 Project Monitoring:

SHQ will monitor and undertake regular on-site inspections and financial reviews to ensure that project sponsors manage their projects prudently and cost-effectively and continue to respect all conditions in their project operating agreements during the period of the insured loan and payment of contributions by Canada and Quebec.

8.2.4 Modernization and Improvement:

Expenditures for the modernization, improvement and regeneration in excess of \$100 000 per project or \$1 000 per unit in any one year must be part of a

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comprehensive portfolio management strategy and explicitly identified in Schedule B of the Operating Agreement or be approved by CMHC on a project basis.

8.2.5 Prepayment:

The prepayment of the outstanding loan balance, the sale of a project/unit or a change in a project's charter can only take place in accordance with non-profit program guidelines or with the approval of CMHC and SHQ.

8.2.6 Management Training:

SHQ may provide training and other aids to assist public and private non-profit sponsors to manage their projects effectively. Such expenditures can be cost shared and will be charged against management/administration within a project's annual operating budget, or against RNH Training Funds (within approved budgets) as outlined in RNH Program Guidelines.

8.2.7 Projects in Difficulty:

In the event that projects get into financial difficulty, SHQ will advise CMHC and secure its approval of any solution or action that will affect the amount of the financing or the amount of subsidy assistance paid each year on the basis of eligible project costs.

8.3 Income Verification

SHQ ensures that all project sponsors verify, at least annually, the adjusted income of the households occupying

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units in the project and will take steps to ensure that the rent to be charged is adjusted accordingly and in a manner described in Appendix "1" of this Schedule.

8.4 Portfolio Administration

SHQ will participate with CMHC and other provincial and territorial housing corporations in addressing portfolio management problems, issues and opportunities, in an ongoing effort to achieve economies and efficiencies.

9. ELIGIBLE PROGRAM COSTS:

The eligible program costs for Non-Profit Corporations for non-Native clients will be shared 65/35 for commitments made in 1986, 62/38 for commitments made in 1987 and 59/41 for commitments made in 1988, by Canada and Quebec.

The eligible program costs for Non-Profit Corporations for Native clients will be shared 75/25 by Canada and Quebec.

The cost-sharing arrangements applying in the year of commitment will apply throughout the full term of the subsidy commitment.

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9.1 Non-Budgetary Expenditures

CMHC and SHQ will share 75/25 the cost of eligible non-budgetary expenditures associated with interest-free proposal development funding loans to assist private non-profit sponsors to develop project proposals. SHQ will claim on a monthly basis reimbursement from CMHC for CMHC's share of PDF advances made by a third party.

9.2 Budgetary Expenditures

9.2.1 Proposal Development Funding:

Eligible budgetary expenditures include the forgiveness of any loan if a project does not proceed to commitment. The interest costs incurred by each party on its respective share of loan advances will not be cost-shared.

9.2.2 Project Operating Losses:

Subsidies for eligible portion of projects are based on the difference between the actual annual operating costs and revenues, with rents based on household adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule.

SHQ will utilize a rental scale of its own but operating losses eligible for assistance from Canada will be determined on the basis of whichever of the Quebec scale attached in Appendix "1" or the Federal Rent-to-Income Scale produces the lowest annual operating

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losses. Any scale in use, combined with any rent surcharge from clients paying "in lieu" of municipalities, must not result in occupant households remaining in core housing need.

Without limiting the scope, listed below are the revenue and expense line items which are acceptable to CMHC and SHQ for cost-sharing:

- . Revenues: rents; parking; laundry; other.
- . Operating: taxes; insurance; maintenance; management; janitor; space heating; electrical power; water; sewer; garbage removal; modernization/improvement/regeneration; replacement reserves (for private non-profit projects); training; depreciation (equal to principal reduction on loan) and loan interest.

9.2.3 Program Delivery and Administration:

The eligible costs of delivery and administration shall be based on performance standards acceptable to CMHC and SHQ.

9.2.4 Financing Interest:

Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and SHQ. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

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9.2.5 Publicity:

The cost of program and project publicity measures and materials as agreed upon by SHQ and CMHC are eligible program costs.

9.2.6 RNH Training Funds (shared 75/25 by Canada and Quebec):

The Client Training Program provides funds to facilitate the training of clients and local housing groups as outlined in Rural and Native Housing Program Guidelines.

The RNH Secondment Program makes funds available to provide professional assistance to eligible local housing groups to enable them to develop their capacity to deliver and/or administer housing.

The Native Cadre Training Program provides funds to facilitate the development of Native people to enable them to participate in delivering/administering housing programs.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and specified in Non-Profit Housing and/or Rural and Native Housing Program Guidelines.

11. INFORMATION REQUIREMENTS

SHQ will ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in Non-Profit Housing and/or Rural and Native Housing Program Guidelines, are provided to CMHC.

Proposal development funding commitment information will be provided no later than five (5) working days after a commitment is made.

Where conditional allocations are made prior to full project commitment, summary information on each project accepted and rejected will be provided by SHQ to CMHC within 30 days following selection but no later than 30 September of the year in progress.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to previously communicated commitment data will be transmitted on a similar basis.

Special program or project details permitting the drafting and distribution of news announcements pertaining to program and project allocations and commitments will be described in Non-Profit Housing and/or Rural and Native Housing Program Guidelines.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March of the subsequent year. This will provide details on

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clients served in all units under administration, or receiving subsidies, as at 31 December of that year. Annual client data may be provided on the basis of a sample of projects, which is mutually agreed upon in advance by CMHC and SHQ.

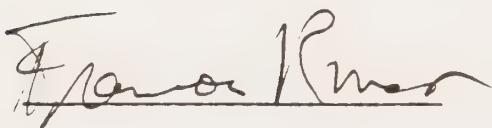
Annual project operating data will support the final audited statement of expenditures and this, along with client information, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

In Witness Whereof, the parties hereto have set their hands and seals in execution of these presents.

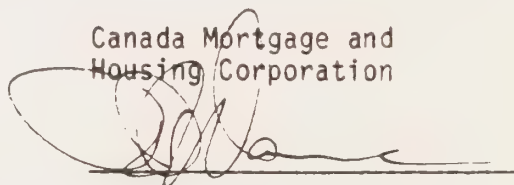
Signed at Montréal this first day of August
nineteen hundred and eighty-six in quadruplicate.


WITNESSED BY:

SIGNED BY:

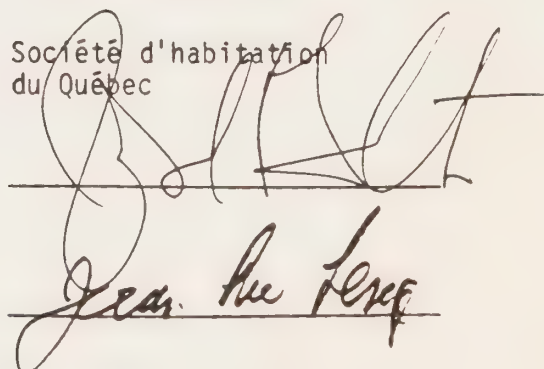


Canada Mortgage and
Housing Corporation





Société d'habitation
du Québec



PROGRAM ELIGIBILITY

DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada and its most recent Household Income, Facilities and Equipment data base documentation.

DEFINITION OF ADJUSTED INCOME - RENTAL

For the purpose of establishing the rent to be paid, SHQ will determine the annual "adjusted income" of the household in the manner outlined in the Quebec Rental scale.

DEFINITION OF ADJUSTED INCOME - HOMEOWNERSHIP

SHQ will determine the annual "adjusted income" of the household in the manner outlined in clauses 1, 2, 3, 5, 7 of the Quebec Rental Scale. The monthly payment for principal, interest, tax, and eligible heating cost is twenty-five percent of the household's adjusted income.

QUEBEC RENTAL SCALE

An Act respecting the Société d'habitation du Québec
(R.S.Q., c.-S-8, s. 86, pars. g and l)

Bylaw respecting the leasing of low-rental housing

1. In this Bylaw, unless the context indicates otherwise:

"head of the household" means a person who is the regular provider for the needs of a household or, in the case of a current lease, the lessee;

"spouse" means a person who cohabits with the person to whom he is married or who lives with a person in a conjugal relationship;

"household" means any person or group of persons occupying a dwelling unit;

"independent person" means:

- a person of full age living with the head of the household and whose income is equal or greater than the benefits granted under the Social Aid Act (R.S.Q., c. A-16), for the ordinary needs of an individual 30 years of age or more, able to work and not living with a relative or child. Notwithstanding the foregoing, a child of the head of the household or of his spouse, who is less than 21 years old on the date the lease takes effect, is not an independent person; or
- a person who receives a pension or a spouse's allowance under the Old Age Security (R.S.C. 1970, c. O-6);

"rental rate" means the relation between the basic rent and the income taken into consideration for the calculation of that rent.

2. A person's income is his total gross income for the calendar year preceding the date the lease takes effect, excluding the following:

- (1) a tax refund or a tax credit;
- (2) an amount received by a foster family for taking charge of a recipient, granted under the Social Aid Act and the Act respecting health services and social services (R.S.Q., c. S-5);
- (3) financial assistance granted under the Act respecting child day care (R.S.Q., c. S-4.1);
- (4) an availability allowance granted under the Taxation Act (R.S.Q., c. 1-3);
- (5) a family allowance;
- (6) a work income supplement benefit;
- (7) a bursary or scholarship received by a person other than the head of the household who attends a public educational institution or a private educational institution recognized as being in the public interest by the (ministère de l'Éducation).

Income shall be reduced by the following amounts:

- (1) maintenance paid by the person under an order or judgment of a court of competent jurisdiction;
- (2) hospital charges in a long-term care hospital or shelter costs in a reception centre paid by the pension and the monthly amount of social aid granted him to supply his ordinary needs as defined in section 5 of the Social Aid Act (R.S.Q., c. A-16).

3. The income taken into consideration for the calculation of the basic rent is the total income of the head of the household and, where applicable, the income of the independent person having the highest income. Notwithstanding the foregoing provision, that part of this income so taken into consideration which arises from work is reduced by 10%; this provision is applicable to a lease taking effect on or after 1 January 1984.

For the purposes of this section, a child of the head of the household or of his spouse, under 25 years of age on the date when the lease takes effect, is not an independent person.

4. The basic rent is equal to 25% of the income calculated in section 3.
5. Notwithstanding section 4, the basic rent may not be less than 25% of the benefits granted under the Social Aid Act, for the ordinary needs of an individual 30 years of age or more, able to work and not living with a relative or child.
6. The basic rent includes the following services; heat, hot water, taxes related to the dwelling unit and an outdoor parking space where such spaces are specified for that purpose.

It also includes supplying a stove and a refrigerator under a lease in force on 31 December 1984 or under a lease in force after that date if the space provided in the dwelling does not make it possible to install a stove and a refrigerator, each 765 millimetres in width.

7. For each independent person other than the one described in section 3, an amount is added to the basic rent equal to 25% of the maximum rent for a room taken into consideration for the calculation of the rental allowance paid in accordance with the [Programme d'allocation-logement en faveur des personnes âgées (LOGIRENTE)], approved by Order in Council 1362-83 dated 22 June 1983, as amended from time to time.
8. The following monthly charges are added to the basic rental:
 - (1) for use of electricity, excluding heat and hot water, \$16.55 for a bachelor apartment, \$18.75 for a one-bedroom dwelling unit and \$2.20 for each additional bedroom.

Those amounts are indexed* annually in proportion to the increase in the rates charged by Hydro-Québec for electricity used for residential purposes.

- (2) a charge of \$3 where the lessee has outdoor parking equipped with an electrical outlet;
 - (3) \$15 where the lessee may use a garage or an indoor parking space;
 - (4) for any additional parking space provided to the lessee in addition to the one referred to in section 6, \$15 for an outdoor parking space, \$25 for a parking space equipped with an electrical outlet for a block heater and \$45 for a garage or and indoor parking space.
9. For each stove or refrigerator not supplied by the lessor to a lessee in residence on 31 December 1984, an amount of \$1.50 per appliance shall be deducted monthly from the basic rent.
10. The cost for use of a washing machine or dryer is 50 cents per use. The lessor shall comply with the rate before 1 January 1985.

* Amounts indexed since 15 June 1985: \$16.95 for a bachelor apartment, \$19.20 for one-bedroom dwelling unit and \$2.25 for each additional bedroom.

11. The rent payable by a lesser who applies for a rent reduction following a decrease of income or a change in the make-up of the household is calculated on the basis of the presumed income for the period for which the reduction is granted.

No application involving a monthly rent reduction of less than \$10 may be considered.

Notwithstanding the foregoing, the reduced basic rent may not be less than 25% of the reduced income.

The lessor shall inform the lessee of his decision within a 30-day period from the date the application is filed.

12. The rent calculated in accordance with section 11 takes effect the month following the month the application is filed and remains in force for a period of 3 months or until the lease is renewed, whichever period is shorter.

At the expiry of that period, where the reason for the rent reduction is a decrease in the lessee's income, the previous rent comes back into force unless the lessee justified his need for a continued reduction for a new period.

13. The lessee shall provide the lessor with the name of the persons living with him and the evidence required for a declaration of income. The information shall be provided within one month from the lessor's request.

14. A lease is effective for a period of 12 months.

Notwithstanding the foregoing provision, a lease concluded with a new lessee or with a lessee described in article 1662.7 of the Civil Code may be effective for less than 12 months.

15. Notwithstanding section 4, a lessee's rental rate in force on 1 March 1982 which was increased by 1% at the first renewal of his lease is increased by 2% at each subsequent renewal until it reaches 25%.

A rental rate in force on 1 March 1982 which was not increased, for a lessee living alone and receiving social aid, is increased by 1% at the next renewal of his lease, and by 2% at each subsequent renewal until it reaches 25%.

16. A lessee's rental rate, on the date the immovable in which he lives is acquired by the [Société d'habitation du Québec], is increased in accordance with section 15 if the dwelling unit becomes low-rental housing.

A lessee's rental rate for a dwelling unit with regard to which a rent supplement was paid in accordance with the Act respecting the [Société d'habitation du Québec] is also increased in accordance with section 15.

17. This Regulation does not apply to dwelling units belonging to the Corporation which are located north of the 55th parallel and which serve the Inuit population.

18. This Bylaw replaces the Bylaw respecting the leasing of low-rental housing approved by Order in Council 256-82 dated 8 February 1982 and modified by Order in Council 1269-82 dated 26 May 1982 and 1398-82 dated 19 June 1982.

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms;
- . the Notice of Commitment forms contain the following generic data elements:
 - commitment type;
 - client type served;
 - project location, codes and address;
 - applicant details, type, name and address;
 - proposal development funding (PDF);
 - sponsor, location, loan amount, number of units proposed.
 - project description:
 - description of dwelling,
 - number of units by unit and building type,
 - use of floor area;
 - heating type/eligible heating costs (RNH homeowner only)
 - financial data:
 - project financing, amount, terms, rates,
 - equity,
 - grants;
 - project capital costs:
 - land,
 - improvements,
 - construction, acquisition or renovation costs (appraisal estimate until final costs determined);
 - project operating data (where RNH-Rental is provided):
 - eligible costs and revenues,
 - other costs and revenues,
 - subsidies, amount and sources;
 - project procurement and acquisition technique;
 - services to the project and source (sanitary services, electricity, water);
 - project pre-development costs; post-development costs; warranty enrollment fees;
 - delivery agency identifier;
 - agency fee information;
 - project recycling information;
 - account identification information.
- . this information, or part of it will be updated through a project's life cycle (e.g. at PDF commitment, at establishment of IAD, at final costs for example).
- . RNH Training Funds:
 - funds approved, training program, number of training events and contracts, names of recipient organizations and/or persons.

Client Data:

- . this data is provided once a year and pertains to clients served in that year;
- . the data provided will pertain to:
 - household composition;
 - household income and its source;
 - Native ancestry;
 - presence of special needs;
 - size and type of dwelling occupied;
 - rent/"ability payment";
 - condition and affordability of household's previous dwelling.

Operating Data:

- . this data is provided once a year in support of audited final subsidy claims and contains the following generic data elements:

(For Homeowner-RNH)

- annual amortization costs (principal and interest);
- annual taxes;
- eligible heating costs;
- client "ability payment";
- warranty costs;
- post-occupancy repair costs;
- arrears.

(For Rental-RNH)

- annual amortization costs (principal and interest);
- annual taxes;
- project operating costs (such as financing charges, utilities, maintenance);
- project revenues (such as rents, parking, laundry);
- management expenses, including tenant counselling;
- modernization and improvements;
- arrears.

The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- For the Rural and Native Housing Homeownership Program all budgeting, claims, and reporting will be segregated into the following activities unless otherwise indicated:

For the RNH Rental Program, all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

A. BUDGET PREPARATION

Budget limits for the budget year are established in Schedule B to the Operating Agreement.

Three-year plans will be established by activity for the following areas:

1. Commitments - Units
2. Commitments - Budgetary
- Non-budgetary
3. Budgetary Expenditures
4. Cash Flow Forecast - Budgetary
- Non-budgetary

A. BUDGET PREPARATION (Cont'd)

1. Commitments - Units

Schedules of units committed and units placed under subsidy will be used to derive the forecasts of budgetary and non-budgetary expenditures.

Data on characteristics of the proposed units (split between new construction and existing construction, average unit capital cost, total capital costs of the units that will be amortized, projected interest rates, average length of the subsidy, amortization period, average annual operating costs, and proposed dates of subsidy commencement (phase-in rates)) will be required to support the derivation of expenditures.

2. Commitments - Budgetary

Commitments for RNH Training Funds will be expressed in terms of budgetary expenditures.

- Non-budgetary

Commitments for Sections 34.15, and 34.16 loans will be expressed in terms of capital (non-budgetary) dollars required and will be supplemented by data on characteristics of proposed units as described under 1 (Commitments - Units).

Commitments for Proposal Development Funds will be expressed in terms of capital (non-budgetary) dollars required. The projected average loan amount and the number of units/projects assisted by Proposal Development Funds will also be provided. Commitments required in accordance with the Loan Insurance Agreement to finance the acquisition of a project in default will be expressed in terms of non-budgetary dollars required.

3. Budgetary Expenditures

For the various activities in this program, as defined above, budgetary expenditures will be displayed by type of expenditure (e.g. operating costs, revenues, amortization, modernization and improvement, agency fees, delivery and administration costs, and financing interest) in accordance with program guidelines.

For Proposal Development Funds, the amount of loan forgiveness and the interest rate losses arising from the provision of interest-free loans will be provided.

Funds required to administer projects acquired in accordance with the Loan Insurance Agreement will be reported separately.

For RNH Training Funds, the amounts to be disbursed will be provided.

4. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

- Non-budgetary

A summary of the expected quarterly cash flow of non-budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments loans for RNH Homeownership housing will be reported in units and in capital dollars; commitments under the RNH Rental Program will be reported in units; commitments for Proposal Development Funds will be reported in capital dollars; and commitments for RNH Training Funds will be reported in budgetary dollars.

Commitments will be submitted to CMHC by SHQ on a mutually acceptable commitment form within five (5) working days after making the commitment. CMHC shall acknowledge receipt of commitment.

D CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transaction relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary and non-budgetary expenditures and asset balances; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed, units under subsidy and asset balances.

The entire financial activity of the program shall be reported by SHQ, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Rural and Native Housing Program will include:

1. Continuity Schedule: Asset Balances and Units.

This schedule is required to enable CMHC to monitor the status of the portfolio in terms of non-budgetary expenditures and units, both under construction and under subsidy (repayment). Sufficient information will be included on commitments, advances, interest, amortization, arrears, and other asset related activity to ensure that advances plus interest are within commitment amount and to record financial activity not requiring cash settlement. A listing, by project, of loan amounts being transferred from under construction (advancing) to under subsidy (repayment) at IAD will be provided and will reconcile to the continuity schedule.

This schedule will also contain information on the number of units that have been committed in the program, those that are receiving subsidies/under repayment, and those that are committed but not yet fully advanced ("outstanding commitments").

2. Continuity Schedule: Proposal Development Funds Loans

This schedule is required to monitor the loans that have been committed, advances on those loans, outstanding commitments, loans forgiven, and loan repayment.

3. Continuity Schedule: RNH Training Funds

This schedule is required to monitor the RNH Training Funds that have been committed, disbursements on these commitments, and outstanding commitments.

D CLAIMS (Cont'd)

4. Expenditures

A report of actual expenditures and receipts or an estimate of expenditures incurred during the month is required to monitor the financial impacts of program and to inform CMHC of its share of the expenditures.

The expenditures will be displayed by program activity and expenditure category consistent with budget requirements. Sufficient data will be provided to support the agency fees, and the delivery and administration costs claimed.

The report will also disclose the respective share of the expenditures of CMHC and SHQ and the amounts for which reimbursement is being requested by SHQ.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary and non-budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from SHQ for the calendar year ending 31 December.

The audited statement and its supporting schedules will contain information for the calendar year at a level similar to that provided on the monthly claims.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix 2 (Information Requirements) of this schedule. Project level operating data will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule.

Audited information will be submitted no later than 30 June.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment and asset balance information, by account, as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

A listing by project of outstanding commitment information will be presented by year of commitment and show the total advances to date including interest, if any, for loans, Proposal Development Funds, and RNH Training Funds.

A listing by loan of asset balances and terms (interest rate, IAD, amortization period, arrears) will be provided.

This information is required to reconcile the detailed asset and commitment files maintained by CMHC to those of SHQ.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by SHQ by 30 April. This information will be certified by a senior financial officer of SHQ.

TRIPARTITE MANAGEMENT COMMITTEE - TERMS OF REFERENCE

The RNH Tripartite Management Committee responsibilities under the Rural and Native Housing program are listed below:

- . Proposing annual and three-year housing plans in accordance with the Operating Agreement.
- . Identifying and setting priorities for rural areas and communities requiring RNH homeownership and rental activity and establishing the number of units to be provided in each area/municipality in accordance with the Operating Agreement.
- . Ensuring that residents of the selected rural areas and municipalities are properly informed of the program.
- . Establishing the strategy for the delivery of the program within the national guidelines.
- . Determining the role of Native delivery agents and giving them specific direction in carrying out their activities.
- . Coordinating the various activities attendant to the delivery strategy for the program.
- . Monitoring all program delivery related activities on an ongoing basis.
- . Developing and maintaining all necessary information on the housing needs of the client group.
- . Ensuring that there is client counselling service available.
- . Providing direction to Native delivery agents with respect to counselling strategies and ensuring that appropriate resources are available.
- . Coordinating the client counselling activities provincially.

EMERGENCY REPAIR PROGRAM
QUEBEC

This Program will be delivered and administered by the Société d'habitation du Québec (SHQ).

1. OBJECTIVE

To assist households in core housing need in rural areas by providing assistance for the urgent repair of existing housing that is a threat to occupants' health or safety.

2. PROGRAM DESCRIPTION

The Emergency Repair Program provides assistance to households in existing housing to undertake emergency repairs that are required for the continued safe occupancy of their units. Repairs are intended to be limited to items urgently required to render the units fit for human habitation, rather than to restore housing to minimum property standards. Assistance is in the form of a contribution. Contributions vary from a maximum of \$1 500 in Southern areas to a maximum of \$3 800 in remote Northern areas. These areas and contribution limits are described in program guidelines mutually agreed upon. Eligible program costs are shared on a 75/25 basis for Natives and a 50/50 basis for non-Natives by Canada and Quebec.

Enabling Federal Legislation

National Housing Act:

- . Emergency Repair - Section 34.121;
- . RNH Training Funds - Paragraph 37(1)(e);

- 2 -

Enabling Provincial Legislation

Loi sur la Société d'habitation du Québec:

- . Lois refondues du Québec, c. S-8 and its regulations

3. ELIGIBILITY CRITERIA

3.1 Delivery Agents

Housing agencies eligible to act as delivery agents are Native delivery groups such as provincial Native organizations and Native non-profit housing groups. Agents delivering the rural component of the Residential Rehabilitation Assistance Program may deliver ERP. Criteria for the qualification of delivery agents (such as technical or financial expertise) will be agreed to by CMHC and SHQ.

3.2 Areas

Only off-reserve rural areas or communities having a population of 2500 or less are eligible for the program. Rural municipal jurisdictions having a population of greater than 2 500 persons but where the population is dispersed (ie. no population core or centre of more than 2 500), are also considered eligible areas.

3.3 Clients

Homeowners/occupiers who are disadvantaged persons and who are in core housing need, as defined in the Global Agreement, with total household income as defined in Appendix "1" which falls below the core need income thresholds, are eligible for program contributions if the existing units they occupy require urgent repair to render them fit for human habitation.

- 3 -

3.4 Housing Units

To be eligible for the program, a housing unit must be the principal residence of the client and require urgent repair for continued safe habitation by the occupants. The program is available for principal residence which cannot qualify for assistance under the Residential Rehabilitation Assistance Program either because of the extent of major repairs required or excessive cost beyond RRAP program limits and standards.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

Eligible project costs will be cost-shared to the lesser of the approved actual costs or program maximums. Eligible project costs may include:

- . eligible materials, as outlined in the program guidelines;
- . contractor labour costs;
- . other costs such as retail sales tax, freight and storage costs where necessary, and any applicable permit fees.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

SHQ will ensure that all funds are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B to the Operating Agreement.

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Fifty-four percent of ERP funds are to be targeted to eligible Native households. Taking into account the planning process, SHQ will assist families and senior citizens within this priority group with the intent to direct assistance in accordance with their share of core housing need relative to each other.

For eligible non-Native households, SHQ, taking into account the planning process, will assist families and senior citizens within priority groups with the intent to direct assistance in accordance with their share of core housing need relative to each other.

Within the core housing need income limits, the amount of ERP funds directed to households at the upper income levels shall not exceed their proportionate share of need.

5.2 Delivery

Delivery agents will enter into Agency Agreements with SHQ, the form and content of which must be acceptable to both CMHC and SHQ. This agreement will stipulate the scope, terms, conditions, roles and responsibilities of the agent, as well as delivery fees.

SHQ will ensure that delivery is undertaken by eligible delivery agents who have met eligibility criteria agreed to by CMHC and SHQ.

- 5 -

RNH Training Program funds will be provided to local housing groups and Natives. The RNH Training Funds Programs are described in detail in the Rural and Native Housing Homeownership and Rental program guidelines. Funding is shared by CMHC and SHQ.

A Rural and Native Housing Tripartite Management Committee will be established. The Committee will consist of senior representatives from SHQ, the provincial Native organization and the Office of the Quebec Region General Manager of CMHC. The Committee will provide a forum for planning and monitoring of Rural and Native housing programs. CMHC and SHQ will co-chair the Committee. The terms of reference for the Committee are set out in Appendix "5" to this Schedule.

5.3 Project Selection

SHQ will ensure that only existing housing units requiring urgent repair to render the units fit for human habitation are selected for approval, and that repairs comply with eligible repair items outlined in the program guidelines.

6. COMMITMENT

SHQ will ensure that all contribution commitments issued for emergency repairs are on the basis of unit inspection reports and approved client applications. A commitment is made when the application is approved by SHQ.

- 6 -

A commitment on RNH Training Funds is made when SHQ agrees to provide funds for RNH Training to eligible recipients as outlined in the Rural and Native Housing Homeownership and Rental program guidelines.

The reporting of commitment take-up will be:

- . Subsidy Dollars

The dollar value of the contributions approved and of increases/decreases thereto for emergency repairs, and the number of units receiving these benefits.

- . RNH Training Funds

The dollar value of funds approved.

7. DISBURSEMENTS

SHQ will ensure that:

- . No disbursement of a contribution amount is made prior to formal application approval.
- . When an interim disbursement is necessary, it is made based on suppliers/labour invoices for materials or on the agent inspection report on work completed.
- . Final disbursement is made on the basis of final inspection report confirming that all approved repairs have been completed.
- . Contribution funds disbursed do not exceed the eligible project cost.

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8. PROJECT/PORTFOLIO ADMINISTRATION

Contributions for emergency repair are not subject to an earning period because of the limited one-time only nature of the assistance. Accordingly, ongoing project/portfolio administration will be minimal.

9. ELIGIBLE PROGRAM COSTS

The eligible program costs will be shared on a 50/50 basis by Canada and Quebec where the applicant is not a Native and on a 75/25 basis where the applicant is a Native. Eligible program costs include:

9.1 Budgetary Costs

Budgetary costs include:

- . Approved eligible project costs;
- . Delivery agent fees agreed to by CMHC and SHQ for approved applications;
- . Eligible annual costs of delivery and administration based on performance standards acceptable to CMHC and SHQ;
- . Financing interest payable on budgetary receipts and disbursements calculated at short-term interest rates acceptable to CMHC and SHQ. Interest in such cases will be calculated on the net expenditures to the date of reimbursement;
- . RNH Training Funds provided for approved training purposes to facilitate participation of local housing groups and Natives in the delivery of the Emergency Repair Program;

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. Cost of publicity measures and materials as agreed to
by CMHC and SHQ.

10. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule and are specified in program guidelines.

11. INFORMATION REQUIREMENTS

SHQ will ensure that all information requirements outlined in Appendix "2" of this Schedule and specified in program guidelines are provided to CMHC.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to commitment data communicated previously on notice of commitment forms will be transmitted on a similar basis.

In matters pertaining to monitoring of delivery agents, SHQ will be responsible for assessing the agent's compliance with the agency agreement and program guidelines.

Information pertaining to the achievement of Native targets will also be made available to the provincial Native organization upon request.

PROGRAM ELIGIBILITY

DEFINITION OF TOTAL HOUSEHOLD INCOME

For purposes of determining eligibility under this program, total household income is the total income of the household (before tax) from all sources for all persons in the household 15 years of age and over, as defined by Statistics Canada in its most recent Household Income, Facilities and Equipment data base documentation.

The Rental Scale does not apply to this program.

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment form;
- . the Notice of Commitment forms contain the following generic data elements:
 - account identifier;
 - commitment/approval date;
 - client details:
 - . household composition,
 - . household income and its source,
 - . Native ancestry,
 - . eligibility for RNH program;
 - project location, codes and address;
 - description of dwelling;
 - type and cost of repairs:
 - . material costs,
 - . contractor labour cost,
 - . applicant labour;
 - . repair type;
 - delivery agency identifier;
 - agency fee information;
- . RNH Training Funds:
 - funds approved, training program, number of training events and contracts, names of recipient organizations and/or persons.

Commitments for RNH Training Funds will be expressed in terms of budgetary dollars required.

A. BUDGET PREPARATION (Cont'd)

2. Budgetary Expenditures

For Emergency Repair, budgetary expenditures will be displayed by type of expenditure (contributions, training funds, agency fees, delivery and administration costs, and financing interest) in accordance with program guidelines.

3. Cash Flow - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for contributions and RNH Training Funds will be reported in budgetary dollars.

Commitments will be submitted to CMHC on a mutually acceptable commitment form by SHQ within five (5) working days after making the commitment.

CMHC will acknowledge receipt of commitment.

D. CLAIMS

Claims for settlement between the Parties will be submitted on a monthly basis within thirty days of the end of the month to which the transaction relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary expenditures; and
- c) the monitoring of the status of the portfolio through continuity schedules of contributions units committed, and contributions paid.

The entire financial activity of the program shall be reported by SHQ, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Emergency Repair Program will include:

1. Continuity Schedule: Contributions

This schedule is required to enable the other party to monitor the ERP contributions and units that have been committed, disbursements on those commitments and outstanding commitments.

D CLAIMS (Cont'd)

2. Continuity Schedule: RNH Training Funds

This schedule is required to monitor the RNH Training Funds that have been committed, disbursements on these commitments, and outstanding commitments.

3. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform CMHC of its share of the expenditures.

Expenditures will be displayed by the following expenditure categories: contributions, training funds, agency fees, delivery and administration costs, and financing interest. Sufficient data will be provided to support the delivery and administration costs claimed in accordance with predetermined standards.

The report will also disclose the respective share of the expenditures of each party and the amounts for which reimbursement is being requested by SHQ.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from SHQ for the calendar year ending 31 December.

The audited statement and its supporting schedules will contain information for the calendar year at a level similar to that provided on the monthly claims.

This statement and its supporting schedules will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule.

Audited information will be submitted no later than 30 June.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment information as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

A listing by project of outstanding commitment information will be presented by year of commitment and show the total disbursements to date for contributions and Training Funds.

This information is required to reconcile the detailed commitment files maintained by CMHC to those of SHQ.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by SHQ by 30 April. This information will be certified by a senior financial officer of SHQ.

DELIVERY AGENT FEE SCHEDULE : 1986

The delivery agent fees are as follows for 1986 ERP delivery:

		UP TO 100 Km	101 - 250 Km	251 + Km
ZONE I	STAGE 1	\$ 110	\$ 125	\$ 140
	STAGE 2	140	155	170
	TOTAL	250	280	310
ZONE II	STAGE 1	120	135	155
	STAGE 2	155	170	185
	TOTAL	275	305	340
ZONE III	STAGE 1	130	150	170
	STAGE 2	170	190	205
	TOTAL	300	340	385

All distances are one way and are calculated from the agent's approved base(s) of operation.

TRIPARTITE MANAGEMENT COMMITTEE - TERMS OF REFERENCE

The RNH Tripartite Management Committee responsibilities under the Emergency Repair Program are listed below:

- . Proposing annual and three-year housing plans in accordance with the Operating Agreement.
- . Identifying and setting priorities for rural areas and communities which require Emergency Repair Program activity and establishing the number of units to receive ERP in each area/municipality in accordance with the Operating Agreement.
- . Ensuring that residents of the selected rural areas and municipalities are properly informed of the Emergency Repair Program.
- . Establishing the strategy for the delivery of the program within the national guidelines.
- . Determining the role of Native delivery agents and giving them specific direction in carrying out their activities.
- . Coordinating the various activities attendant to the delivery strategy for the Emergency Repair Program.
- . Monitoring all program delivery related activities on an ongoing basis.
- . Developing and maintaining all necessary information on the housing needs of the client group.
- . Ensuring that there is client counselling service available.
- . Providing direction to Native delivery agents with respect to counselling strategies and ensuring that appropriate resources are available.
- . Coordinating the client counselling activities provincially.